

GLENWOOD SCHOOL DISTRICT NO. 401
Klickitat County, Washington
September 1, 1993 Through August 31, 1995

Schedule Of Findings

1. The District Should Improve Controls Over Cash Receipt Handling/Depositing And ASB Fundraising Activities

Our review of the district's accounting for cash receipting disclosed inadequate internal controls and noncompliance with statutory requirements. These concerns were also noted in our prior audit. Specifically, we noted the following weaknesses:

- a. Fund Raisers for ASB Activities: Our review of district fundraising activities disclosed that there were no accounting controls established or records maintained to ensure that all the moneys had been properly received and remitted intact to the central office for dances. In addition, the district maintained a manual tally sheet for athletic events. This record was a piece of paper with marks for every person which attended the event. Prenumbered tickets were not used. The method used by the district does not provide an adequate control over moneys collected at the event.

RCW 43.09.200 states in part:

The accounts shall show . . . all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

Without these basic records, there are no assurances that all the moneys collected during the fundraising activities were properly remitted to the central office. Also, these conditions increase the risk that errors and/or irregularities are occurring and not being detected in a timely manner.

- b. Cash Receipt Depositing: Our review of the frequency of district deposits disclosed that money receipted at the district office is often held in excess of one week before being deposited. Although improvements have been made since last audit, 22 percent of deposits tested were not made timely, or within five working days.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him with the treasurer of the taxing district once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be

administratively practical or feasible.

By not transmitting collections on a timely basis, the district is not obtaining maximum investment earnings on the money. Also, the district's failure to deposit moneys received in a timely manner results in a risk that errors or irregularities could occur and not be detected in a timely manner.

This condition exists because the district's administrative office is 35 miles from the nearest bank. District personnel stated that they will continue to improve on making more timely deposits of cash receipts.

We recommend that:

- a. The district establish controls over fundraising activity receipting in order to ensure that all moneys have been properly received and remitted intact to the central office. One way to establish these controls is to purchase prenumbered tickets and reconcile accordingly as outlined in the ASB Guidelines established by WASBO.
- b. The district deposit moneys receipted at least once a week in order to comply with statutory requirements.